Sask. Govt. Depts. Boards
C 2

SASKATCHEWAN

# WATER SUPPLY BOARD

ANNUAL REPORT 1981

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# *CORPORATE DIRECTORY*

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## CORPORATE DIRECTORY

Board of Directors
As of December 31,1981

Honourable Ted Bowerman, Chairman
Minister of the Environment

R.L. Carter
Deputy Minister
Department of the Environment

D.M. Innes
Deputy Minister
Department of Urban Affairs

Thomas C. Lane
Division Director
Department of Finance

John R. Sadler
President
Saskatchewan Oil and Gas Corporation

Rodney E. Ulrich
Corporate Secretary
Crown Investments Corporation

## CORPORATION MANAGEMENT

Gerald A. Telfer
General Manager

Wayne E. Randall
Operation Manager

R. Wayne Phillips
Administration Manager

# *LETTER OF TRANSMITTAL*

RECEIVED
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LEGISLATIVE LIBRARY

Watrous, Saskatchewan
March 10, 1982

To His Honour,
The Honourable C. Irwin McIntosh,
Lieutenant Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Water Supply Board for the year ended December 31, 1981, including the Financial Statements therefor, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Water Supply Board Act.

I have the honour to be, Sir,

Your obedient servant,

T Bowerman

Ted Bowerman,
Minister Responsible,
Saskatchewan Water Supply Board

# THE CORPORATION

The Saskatchewan Water Supply Board is a provincial crown corporation which was established by an Order-in-Council on January 25, 1966 through amendment to The Saskatchewan Water Resouces Commission Act. The Board was continued under separate legislation (The Saskatchewan Water Supply Board Act) in 1972 when The Saskatchewan Water Resources Commission Act was repealed and the Department of the Environment established.

Essentially a regional water utility, the Board is responsible for developing and operating multi-purpose water supply projects authorized by the Lieutenant Governor in Council to service municipal, agricultural, industrial, recreational and wildlife conservation requirements in designated areas.

The Saskatchewan Water Supply Board's works are organized into three distinct systems. The largest of these is the Saskatoon-Southeast Water Supply System, a network of reservoirs, canals and pipelines constructed to distribute water from Lake Diefenbaker. The Saskatoon-Treated Water Supply System, which uses the City of Saskatoon's treated water system as a source of supply, distributes treated water via pipeline to domestic, municipal and industrial users in the surrounding region. In the same manner, the Saskatoon-West Water Supply System, using the South Saskatchewan River as a source, supplies untreated water to various domestic, municipal and industrial users in the Saskatoon area. In total, the Board's three systems consist of 85 miles of canal, 5 reservoirs and 130 miles of pipeline.

The Corporation's Head Office is located in Watrous, Saskatchewan at 411 Main Street with district offices at Blackstrap Reservoir, Saskatoon and Watrous.

HEAD OFFICE, WATROUS

# *REVIEW OF OPERATIONS*

## PIPELINE WATER SUPPLY

The total volume of water supplied by the Saskatchewan Water Supply Board to its pipeline customers increased during the year by 80.3 million gallons, or 5.6 per cent, from 1,440.0 million gallons in 1980 to 1,520.3 million gallons in 1981. The area of significant increase is in the diversion of treated water. During the year 300.2 million gallons of treated water were supplied to industrial, municipal and other customers which was an 11.7 per cent increase over 1980.

**TABLE OF DIVERSIONS**

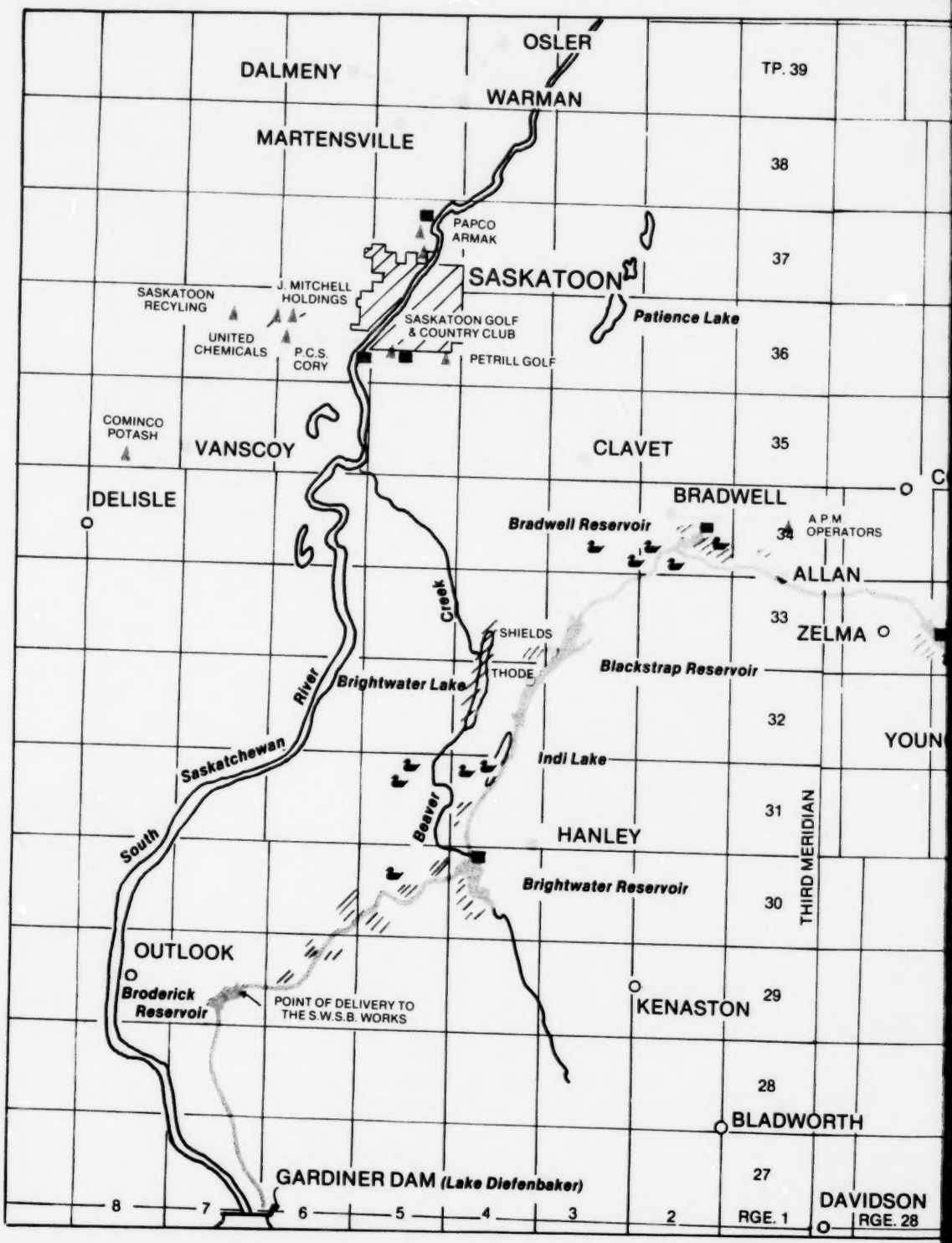
| SYSTEM | COMPONENT | Millions of Gallons Supplied | | | |
|---|---|---|---|---|---|
| | | 1981 | 1980 | Increase (Decrease) | |
| | | | | Amount | Per Cent |
| Saskatoon-Southeast | Industrial | 686.6 | 636.8 | 49.8 | 7.8 |
| | Municipal | 99.9 | 101.7 | (1.8) | (1.8) |
| | Other | 3.9 | 3.5 | 0.4 | 11.4 |
| SYSTEM TOTALS | | 790.4 | 742.0 | 48.4 | 6.5 |
| Saskatoon-West | Industrial | 404.8 | 408.8 | (4.0) | (1.0) |
| | Municipal | 8.4 | 8.7 | (0.3) | (3.4) |
| | Other | 16.5 | 11.7 | 4.8 | 41.0 |
| SYSTEM TOTALS | | 429.7 | 429.2 | 0.5 | 0.1 |
| Saskatoon-Treated | Industrial | 147.7 | 139.6 | 8.1 | 5.8 |
| | Municipal | 136.2 | 118.3 | 17.9 | 15.1 |
| | Other | 16.3 | 10.9 | 5.4 | 49.5 |
| SYSTEM TOTALS | | 300.2 | 268.8 | 31.4 | 11.7 |
| All Systems | Industrial | 1,239.1 | 1,185.2 | 53.9 | 4.5 |
| | Municipal | 244.5 | 228.7 | 15.8 | 6.9 |
| | Other | 36.7 | 26.1 | 10.6 | 40.6 |
| TOTALS ALL SYSTEMS | | 1,520.3 | 1,440.0 | 80.3 | 5.6 |

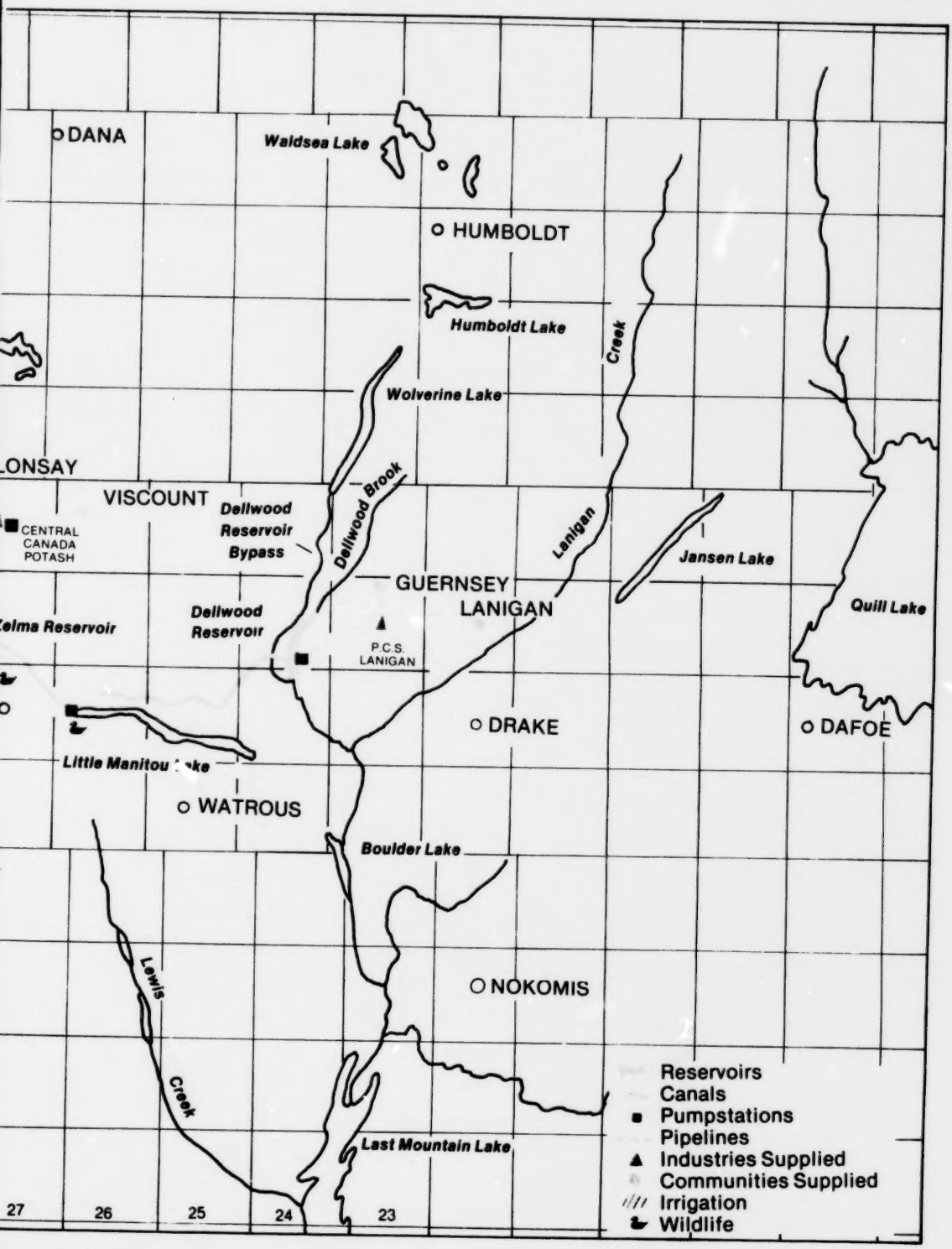
**CUSTOMERS**

| SYSTEM | INDUSTRIAL | MUNICIPAL | *OTHER |
|---|---|---|---|
| Saskatoon-Southeast | PCS-Lanigan Division<br>Allan Potash Mine<br>Central Canada Potash | Shields Hanley<br>Thode Guernsey<br>Lanigan<br>Viscount | 21 |
| Saskatoon-West | Cominco<br>PCS-Cory Division<br>Saskatoon Golf & Country Club<br>Petrill Golf | Vanscoy | 72 |
| Saskatoon-Treated | PCS-Cory Division<br>United Chemicals<br>Johanna Mitchell Holdings Ltd.<br>Saskatoon Recycling<br>Armak Chemicals<br>Papco Chemicals | Allan<br>Bradwell<br>Clavet<br>Martensville<br>Warman<br>Osler<br>Dalmeny | 47 |

*Other includes farm holdings and approved domestic installation

# SYSTEMS MAP


OSLER
DALMENY
WARMAN
MARTENSVILLE
TP. 39
38
37
36
35
PAPCO
ARMAK
SASKATOON
J. MITCHELL
HOLDINGS
SASKATOON
RECYLING
UNITED
CHEMICALS
P.C.S.
CORY
SASKATOON GOLF
& COUNTRY CLUB
PETRILL GOLF
Patience Lake
COMINCO
POTASH
VANSCOY
CLAVET
DELISLE
BRADWELL
Bradwell Reservoir
A.P.M.
OPERATORS
ALLAN
ZELMA
SHIELDS
THODE
Creek
River
Brightwater Lake
Blackstrap Reservoir
Saskatchewan
South
Indi Lake
Beaver
HANLEY
Brightwater Reservoir
THIRD MERIDIAN
OUTLOOK
Broderick
Reservoir
POINT OF DELIVERY TO
THE S.W.S.B. WORKS
KENASTON
BLADWORTH
GARDINER DAM (Lake Diefenbaker)
DAVIDSON
8
7
6
5
4
3
2
RGE. 1
RGE. 28


DANA
Waldsea Lake
HUMBOLDT
Humboldt Lake
Creek
Wolverine Lake
LONSAY
VISCOUNT
Dellwood Brook
Dellwood Reservoir Bypass
CENTRAL CANADA POTASH
Lanigan
Jansen Lake
GUERNSEY
LANIGAN
Quill Lake
Elma Reservoir
Dellwood Reservoir
P.C.S. LANIGAN
DRAKE
DAFOE
Little Manitou Lake
WATROUS
Boulder Lake
NOKOMIS
Lewis Creek
Last Mountain Lake
27
26
25
24
23
Reservoirs
Canals
Pumpstations
Pipelines
Industries Supplied
Communities Supplied
Irrigation
Wildlife

# *REVIEW OF OPERATIONS*

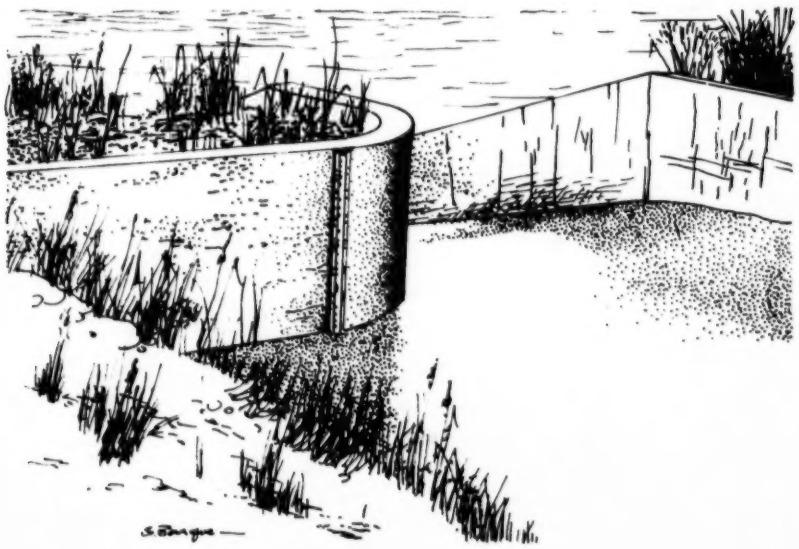
## SURFACE WATER SUPPLY

Utilization of the Board's surface water supply system continued to increase dramatically in 1981. The total volume of water supplied by the Board from canals and reservoirs comprising the Saskatoon-Southeast Water Supply System increased during the year by 5,944 acre feet, or 26.5 per cent, to 28,400 acre feet in 1981 from 22,456 in 1980. The Board's surface water customers are the Department of Agriculture and the Department of Tourism and Renewable Resources.

The major use of surface water is in the development of individual irrigation projects. In 1981 a total of 12,242.1 acres were supplied with irrigation water providing the largest single increase in water diversion. A further 4,500 acres have been proposed for development and it is anticipated that much of this area will be developed during 1982.

Diversions for the Department of Tourism and Renewable Resources were made for recreation purposes and in the service of ten waterfowl breeding projects.

| Customer/Water Based Program | Acre Feet Supplied | | | |
|---|---|---|---|---|
| | 1981 | 1980 | Increase(Decrease) | |
| | | | Amount | Per Cent |
| Department of Agriculture<br>- Irrigation Projects | 17,140 | 11,694 | 5,446 | 46.6 |
| Department of Tourism and Renewable Resources | | | | |
| - Recreation | 6,500 | 4,800 | 1,700 | 35.4 |
| - Waterfowl Breeding Projects | 4,760 | 5,962 | (1,202) | (20.2) |
| TOTAL | 28,400 | 22,456 | 5,944 | 26.5 |



INLET WORKS, BRIGHTWATER RESERVOIR

# *FINANCIAL HIGHLIGHTS*

In 1981 the Saskatchewan Water Supply Board increased net earnings by $16,753 over 1980. This was the third consecutive year during which the Board experienced improved financial performance, an indication that the Saskatchewan Water Supply Board has now achieved a solid measure of financial stability.

The earnings improvement shown in 1981 is particularly notable as this was the last full year of a three-year rate schedule. During 1981 the Board successfully negotiated rate terms amendments to the water supply contracts which it has with its major customers to essentially provide for the implementation of one-year rate terms. This will allow the Board to more exactly relate water pricing to operational costs.

A major factor in the earnings performance achieved in 1981 was the substantial ($100,530) reduction in interest expense (reported on a net basis, after deducting interest earned on sinking fund and short-term investments.) This decrease was mainly due to increased earnings on short-term investments during the year and to improved earnings by the Board's sinking fund.

The Saskatchewan Water Supply Board sharply reduced capital expenditures in 1981 to $164,376 from $307,710 in 1980. All substantial capital expenditures in 1981 related to upgrading existing systems or to acquisition of maintenance equipment as no major system expansion was undertaken during the year. The 1981 capital program was financed by line-of-credit financing. As there was no addition to the Board's long term debt, working capital was reduced by $189,562 during the year.

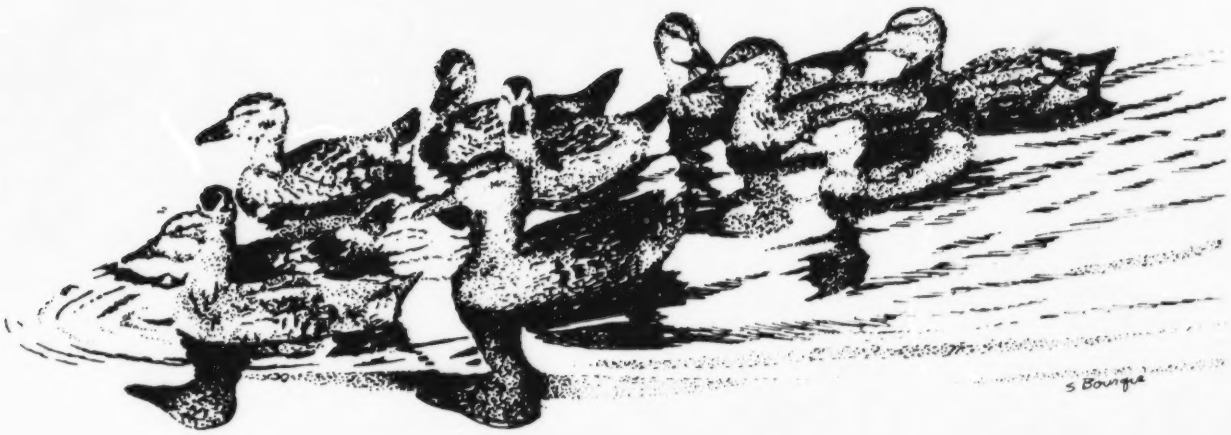
# TEN YEAR STATISTICAL REVIEW

| | 1981 | 1980 | 1979 | 1978 |
|---|---|---|---|---|
| **Pipeline Customers** | | | | |
| Industrial | 13 | 13 | 12 | 12 |
| Municipal | 14 | 13 | 12 | 12 |
| Other | 140 | 137** | 87 | 87 |
| **Water Supplied Pipeline** (thousands of gallons) | | | | |
| Industrial | 1,239,094 | 1,185,287 | 1,139,834 | 1,051,669 |
| Municipal | 244,571 | 228,606 | 212,557 | 170,924 |
| Other | 36,669 | 26,140 | 22,361 | 21,653 |
| **Canal** (Acre feet) | | | | |
| Irrigation | 17,140 | 11,694 | 9,320 | 7,663 |
| Recreation | 6,500 | 4,800 | 4,100 | 4,100 |
| Wildlife | 4,760 | 5,962 | 1,560 | 1,363 |
| **Financial** (thousands of dollars) | | | | |
| Operating Revenues | $2,805.7 | $2,625.1 | $2,205.4 | $1,853.3 |
| Operating Expenses | $1,755.7 | $1,491.3 | $1,229.1 | $1,133.6 |
| Operating Income | $1,050.0 | $1,133.8 | $ 976.3 | $ 719.7 |
| Interest Expense | $ 474.8 | $ 575.3 | $ 626.5 | $ 714.5 |
| Net Income (Deficit) | $ 575.2 | $ 558.5 | $ 349.8 | $ 5.2 |
| Gov't. Contribution | $ — | $ — | $ — | $ — |
| **Payroll** (thousands of dollars) | $ 509.8 | $ 450.9 | $ 376.5 | $ 339.6 |
| **Persons Employed** (in man-years) | 18.7 | 18.5 | 18.0 | 18.0 |

* Operating revenues and net income (deficit) figures do not reflect a prior period adjustment of $85,092 of retroactive revenue for years prior to January 1, 1978.

**1980 Other pipeline customers are adjusted to reflect multiple customers on one connection. These were counted as one customer in prior years.

| 1977 | 1976 | 1975 | 1974 | 1973 | 1972 |
|---|---|---|---|---|---|
| 11 | 10 | 8 | 8 | 8 | 8 |
| 11 | 7 | 6 | 5 | 5 | 3 |
| 80 | 72 | 59 | 55 | 45 | 26 |
| | | | | | |
| 1,157,879 | 1,023,124 | 997,423 | 980,649 | 745,139 | 784,808 |
| 108,728 | 88,343 | 76,756 | 72,408 | 63,141 | 58,198 |
| 19,898 | 33,046 | 22,586 | 10,052 | 7,442 | 4,810 |
| | | | | | |
| 6,160 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 |
| 4,100 | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 |
| 2,507 | 2,965 | 2,400 | 2,400 | 2,400 | 2,200 |
| | | | | | |
| $1,749.5 | $1,328.4 | $1,051.0 | $ 996.2 | $ 880.1 | $ 893.4 |
| $ 982.4 | $ 733.9 | $ 656.5 | $ 641.7 | $ 585.5 | $ 528.5 |
| $ 767.1 | $ 594.5 | $ 394.5 | $ 354.5 | $ 294.6 | $ 364.9 |
| $ 584.5 | $ 633.7 | $ 712.9 | $ 730.8 | $ 735.2 | $ 844.4 |
| $ 182.6 | $ (39.2) | $ (318.4) | $ (376.3) | $ (440.6) | $ (479.5) |
| $ — | $ 39.2 | $ 318.4 | $ 376.3 | $ 440.6 | $ 479.5 |
| | | | | | |
| $ 322.1 | $ 256.7 | $ 191.1 | $ 191.2 | $ 149.6 | $ 139.0 |
| | | | | | |
| 19.0 | 16.0 | 14.0 | 15.0 | 14.0 | 16.0 |



# AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Water Supply Board as at December 31, 1981 and the statements of operations and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the the Saskatchewan Water Supply Board as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

W.G. Lutz

Regina, Saskatchewan
January 28, 1982

W.G. Lutz, F.C.A.
Provincial Auditor

# *STATEMENT OF FINANCIAL POSITION*

## AS AT DECEMBER 31

| ASSETS | 1981 | 1980 |
|---|---|---|
| **CURRENT** | | |
| Cash and short-term investments | $158,474 | $276,475 |
| Accounts receivable (Note 3) | 419,655 | 459,067 |
| Prepaid expenses and supplies | 25,143 | 22,685 |
| | 603,272 | 758,227 |
| **PROPERTY, PLANT AND EQUIPMENT (NOTES 2 & 4)** | 12,003,724 | 12,208,709 |
| | $12,606,996 | $12,966,936 |

| LIABILITIES AND RETAINED EARNINGS | | |
|---|---|---|
| **CURRENT** | | |
| Note payable (Note 5) | $250,000 | $100,000 |
| Accounts payable and accrued liabilities | 78,460 | 195,469 |
| Accrued interest | 387,132 | 385,516 |
| Long-term debt due within one year | 226,425 | 226,425 |
| | 942,017 | 907,410 |
| **DEFERRED REVENUE (NOTE 2(d))** | 746,563 | 804,567 |
| **LONG-TERM DEBT (NOTE 6)** | 8,361,987 | 9,173,759 |
| **ADVANCE FROM CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN (NOTE 7)** | 800,000 | 900,000 |
| **RETAINED EARNINGS** | 1,756,429 | 1,181,200 |
| | 12,606,996 | $12,966,936 |

(See accompanying notes)

# *STATEMENT OF OPERATIONS AND RETAINED EARNINGS*

## FOR THE YEAR ENDED DECEMBER 31

| | 1981 | 1980 |
|---|---|---|
| **REVENUE** | | |
| Operations (Note 10) | $2,711,102 | $2,533,288 |
| Other | 94,655 | 91,809 |
| | 2,805,757 | 2,625,097 |
| **EXPENSES** | | |
| Distribution | 1,106,080 | 860,530 |
| Interest (Note 8) | 474,826 | 575,356 |
| Depreciation | 367,883 | 351,823 |
| Administration | 281,739 | 278,912 |
| | 2,230,528 | 2,066,621 |
| **NET EARNINGS FOR THE YEAR** | 575,229 | 558,476 |
| **RETAINED EARNINGS AT BEGINNING OF YEAR** | 1,181,200 | 622,724 |
| **RETAINED EARNINGS AT END OF YEAR** | $1,756,429 | $1,181,200 |

(See accompanying notes)

# *STATEMENT OF CHANGES IN FINANCIAL POSITION*

## FOR THE YEAR ENDED DECEMBER 31

| | 1981 | 1980 |
|---|---|---|
| **SOURCES OF WORKING CAPITAL** | | |
| Operations | | |
| Net earnings | $575,229 | $558,476 |
| Charges and credits to earnings not affecting working capital | (275,779) | (178,702) |
| | 299,450 | 379,774 |
| Customer revenue prepayments (Note 2(d)) | — | 41,186 |
| | 299,450 | 420,960 |
| **APPLICATION OF WORKING CAPITAL** | | |
| Capital expenditures, net of proceeds (1981 - $1,789; 1980 - $12,418) | 162,587 | 295,292 |
| Reduction of long-term debt | 226,425 | 226,425 |
| Repayment of advance to Crown Investments Corporation of Saskatchewan | 100,000 | 100,000 |
| | 489,012 | 621,717 |
| Decrease in working capital | (189,562) | (200,757) |
| Working capital (deficiency) at beginning of year | (149,183) | 51,574 |
| Working capital (deficiency) at end of year | $(338,745) | $(149,183) |

(See accompanying notes)

# NOTES TO FINANCIAL STATEMENTS

## DECEMBER 31, 1981

### 1. Status of the Board

The Saskatchewan Water Supply Board was incorporated in 1966 under the Crown Corporations Act and was continued in 1972 under The Water Supply Board Act. Under the terms of its Act, the Board is responsible for developing and operating multi-purpose water supply projects authorized by the Lieutenant Governor in Council to service municipal, agricultural, industrial, recreational, wildlife and domestic requirements in designated areas. The Board has been designated by order-in-council as a Corporation to which the provisions of Part II of the Crown Corporations Act, 1978 apply. Accordingly, the financial results of the Board are included in the consolidated financial statements of the Crown Investments Corporation of Saskatchewan.

### 2. Accounting Policies

**(a) Property, Plant and Equipment**

These assets are recorded at cost. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and the gain or loss is reflected in income for the year.

**(b) Depreciation**

The various classes of assets are depreciated and charged to operating expenses as follows:

| CLASS | RATE | BASIS |
|---|---|---|
| Office Equipment | 10% | Straight Line |
| Maintenance Equipment | | |
| Vehicles and Mobile | 30% | Diminishing Balance |
| Major Mobile | 15% | Diminishing Balance |
| Other | 10% | Straight Line |
| Buildings | | |
| Frame Structures | 5% | Straight Line |
| Masonry Structures | 2½% | Straight Line |
| Water Supply Works | | |
| Canals | 2% | Straight Line |
| Reservoirs | 2% | Straight Line |
| Pipelines | | |
| — Steel | 2½% | Straight Line |
| — Asbestos Cement | 2½% | Straight Line |
| — Cast Iron | 4% | Straight Line |
| — Polyvinyl Chloride | 5% | Straight Line |
| Pump Stations | | |
| — Structure | 2½% | Straight Line |
| — Pump Equipment | 5% | Straight Line |
| — Motors and Engines | 10% | Straight Line |

## ACCOUNTING POLICIES (continued)

**(c) Capitalization of Expenses**

**(i) Interest Expense**

Interest on loans for construction projects is capitalized during the construction period at the average annual rate of borrowing.

**(ii) Internal Services**

Internally provided engineering and land services are capitalized at a rate of ten per cent of the total of direct project construction costs provided that such costs for an individual project are less than $1,000,000. The object of this policy is to recognize the approximate value of design, supervision and administration services rendered by Board employees on construction projects.

For projects with estimated total direct construction costs of greater than $1,000,000.00 the actual costs of internally provided engineering and land services are accumulated and capitalized.

**(d) Amortization of Deferred Revenue**

Deferred revenue represents revenue prepayments which are required in some cases from customers at the commencement of supply under the Board's standard pricing structure. Customer revenue prepayments are amortized into operating revenues at 5 per cent per annum straight line. Amortization credited to revenue in 1981 totalled $58,004 (1980 $54,907).

## 3. Accounts Receivable

| The receivables are as follows: | 1981 | 1980 |
|---|---|---|
| Customer accounts | $418,013 | $415,195 |
| Accrued customer revenue prepayments | — | 41,186 |
| Other | 1,642 | 2,686 |
| | $419,655 | 459,067 |

## 4. Property, Plant and Equipment

| Property, Plant and Equipment: | Cost | 1981 Accumulated Depreciation | 1981 Net Book Value | 1980 Net Book Value |
|---|---|---|---|---|
| Office Equipment | $ 41,417 | $ 23,977 | $ 17,440 | $ 17,720 |
| Maintenance Equipment | 259,915 | 133,308 | 126,607 | 68,059 |
| Buildings | 722,936 | 114,767 | 608,169 | 626,034 |
| Water Facilities | 13,604,989 | 3,785,433 | 9,819,556 | 10,089,860 |
| Under Construction — Water Facilities (1) | 152,590 | 2,884 | 149,706 | 126,000 |
| Land | 1,282,246 | — | 1,282,246 | 1,281,036 |
| | $16,064,093 | $4,060,369 | $12,003,724 | $12,208,709 |

1. Water facilities under construction include the Boards's share of costs incurred to December 31, 1981 by another party on construction of a water diversion project which will aid in safeguarding a portion of the Board's water system.

## 5. Note Payable

The note payable bears a prime-related floating interest rate and is due, on demand, to the Crown Investments Corporation of Saskatchewan.

## 6. Long-Term Debt

Loans consist of the following:

| Year Received | Year Payable | Interest Rates | Recorded Liability - 1981 | Recorded Liability - 1980 |
|---|---|---|---|---|
| 1967 | 1987 | 5.945% | $5,932,000 | $5,932,000 |
| 1968 | 1988 | 6.585% | 6,133,000 | 6,133,000 |
| 1969 | 1989 | 7.485% | 1,124,000 | 1,124,000 |
| 1971 | 1991 | 6.930% | 657,000 | 657,000 |
| 1977 | 1997 | 8.880% | 1,030,000 | 1,030,000 |
| 1980 | 2000 | 12.000% | 900,000 | 900,000 |
| | | | 15,776,000 | 15,776,000 |
| Less Equity in Sinking Fund | | | 7,187,588 | 6,375,816 |
| | | | 8,588,412 | 9,400,184 |
| Less amounts due within one year | | | 226,425 | 226,425 |
| TOTAL | | | $8,361,987 | $9,173,759 |

All loans with the exception of the loan received in 1980 from the Crown Investments Corporation of Saskatchewan are payable to the Consolidated Fund of the Province. Repayment terms for these loans are established by the Government of Saskatchewan. Loans received in 1967, 1968, 1969 and 1977 are currently subject to annual sinking fund installments equal to one and one-half per cent of the recorded liability. The loan received in 1971 is currently subject to an annual sinking fund installment equal to two per cent of the recorded liability. All loans received in 1967, 1968, 1969, 1971 and 1977 are subject to repayment upon six months notice.

## 7. Advance from Crown Investments Corporation of Saskatchewan

The advance from Crown Investments Corporation of Saskatchewan to the Board is interest free and repayable at the discretion of the Corporation.

## 8. Interest Expense

| | 1981 | 1980 |
|---|---|---|
| Interest expense is as follows: | | |
| Total interest expense | $1,095,652 | $1,090,046 |
| Less: Interest earned: | | |
| Short-term | 35,480 | 27,923 |
| Sinking fund | 585,346 | 474,708 |
| Interest capitalized | — | 12,059 |
| | 620,826 | 514,690 |
| Net interest expense | $474,826 | $575,356 |

## 9. Remuneration of Directors and Senior Officers

The Corporation's directors received no remuneration from the Saskatchewan Water Supply Board as directors in either 1981 or 1980. The three senior officers (1980 three) received in aggregate $121,019 in salaries in 1981 (1980 $116,790).

## 10. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms with the following exceptions.

The Board has entered into contracts with two government departments. The contracts provide that billings be prepared substantially on the basis of a predetermined share of the Board's fixed capital and operating costs rather than solely on the basis of a unit charge for water consumption. The contracts further state that payments by the departments are subject to appropriation of the necessary funds in each fiscal year. Revenue earned from these contracts in the current year totalled $728,891 (1980 $671,612).

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and the notes thereto.